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IRAC-M-8
24 July 1974

INTELLIGENCE RESOURCES ADVISORY COMMITTEE

MEMORANDUM FOR THE INTELLIGENCE RESOURCES ADVISORY
COMMITTEE

SUBJECT : Draft Minutes of the 24 July 1974
IRAC Meeting

1. The attached draft minutes of the 24 July Intelligence Resources Advisory Committee meeting are submitted herewith for IRAC consideration.

IRAC ACTION REQUESTED

2. IRAC Members are requested to advise the Secretariat by close of business 12 September of their approval or comments on the attached minutes.

Executive Secretary

Attachment

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INTELLIGENCE RESOURCES ADVISORY COMMITTEE

Minutes of
Eighth Meeting
Intelligence Resources Advisory Committee
DCI Conference Room (7D64)
Central Intelligence Agency, at 1400 hours, 24 July 1974

Director of Central Intelligence
Mr. W. E. Colby
Presiding

MEMBERS PRESENT

Mr. William McAfee, acting for Director of Intelligence and Research,
Department of State
Dr. Albert C. Hall, Assistant Secretary of Defense (Intelligence),
Department of Defense
Lieutenant General Vernon A. Walters, USA, Deputy Director of
Central Intelligence
Mr. B. A. Bridgewater, Jr., Associate Director for National Security
and International Affairs, Office of Management and Budget

OBSERVERS PRESENT

Mr. Richard Ober, acting for Deputy Assistant to the President for
NSC Planning
Vice Admiral Vincent P. de Poix, USN, Director, Defense Intelligence
Agency
Lieutenant General Lew Allen, Jr., USAF, Director, National
Security Agency

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ALSO PRESENT

Department of State

Mr. George C. Denney, Jr.*

Office of the Assistant Secretary of Defense (Intelligence)

Mr. James L. Vance

Central Intelligence Agency

Mr. John D. Iams

Office of Management and Budget

Mr. James M. Frey

Mr. Arnold Donahue

Defense Intelligence Agency

National Security Agency

Intelligence Community Staff

Lieutenant General Daniel O. Graham, USA

National Intelligence Officers

Mr. George A. Carver, Jr.

IRAC Working Group

Executive Secretary

*Part of Meeting

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ALSO PRESENT

Intelligence Research and Development Council

Dr. Malcolm R. Currie, Chairman

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Dr. Robert S. Cooper, Staff Associate

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SIGINT Committee

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IRAC Secretariat

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*Part of Meeting

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1. Budget Guidance
(USIB/IRAC-D-74.2/6,
23 July 1974, Memorandum
for USIB and IRAC Principals)



2. Presentation on Intelligence
Research and Development
(IRAC-D-76.2/2, 22 July 1974,
Limited Distribution through
Restricted Channels)

Mr. Colby said he wished to start the regular agenda with Dr. Currie's "Intelligence Research and Development Council Status Report". He commented that from his point of view the report represented an excellent review on this subject.

Dr. Currie introduced his report indicating that one of its purposes was to obtain the necessary feedback from the IRAC. He provided a brief history of the Council noting that its membership was a significant part of the success it has achieved. He was particularly interested in having the Assistant Secretaries for Research and Development from the three services as part of the membership because of the importance of

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bringing their expertise into the framework of intelligence. The results have been encouraging. Dr. Currie explained that the objective of the Council was to address long-range (6 to 8 years) R&D problems of significance. He believed it was not appropriate for the Council to become involved in immediate R&D problems which involve resource allocation.

Before addressing the specific aspects of the report, Dr. Currie commented that the members of the Council were impressed by the tremendous breadth and the diversity of intelligence and intelligence related research and development. Looking to the future the Council would address those areas considered most important. The Council found that most of the R&D efforts under way are well thought out and on track. Those which required adjustment were identified and corrected by virtue of the membership. Recognizing that we are in an era of resource constraint, he believed that the Council provides a timely bridge across programs within the intelligence community.

Addressing his report, Dr. Currie highlighted the five specific problems areas :

- I. Processing and analysis of raw intelligence data.
- II. Coordination in the development of wide-band data links.
- III. Application of the Space Shuttle to intelligence problems.
- IV. New initiatives in mass memory technology.
- V. Tactical and near-real-time use of intelligence information.

During the discussion of these areas the IRAC agreed with the Chairman's proposal to expand Item I. to include "presentation" of intelligence data to accommodate the various needs of our many consumers. Accordingly, Item I. was amended to read "Processing, analysis and presentation of intelligence data".

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With regard to Item II., Dr. Currie said that in conjunction with Dr. Hall they had initiated within DOD an embargo on development of wideband links until a coordinated plan was prepared. Dr. Currie stressed the need for imaginative thinking for the application of the space shuttle to intelligence problems (Item III.) and the advantages of initiating planning early on. He also noted the important role and impact of developing mass memory technology (Item IV.) and the beneficial fall outs from this to the economy of the U.S. Dr. Currie explained that the tactical needs examined under Item V. were sparked by the Middle East crisis which raised several questions regarding the dual role of some intelligence assets to national and tactical requirements. He believed that aggressive R&D could improve the interface between national and tactical systems.

Dr. Hall commented that he had discussed the problem of using real-time intelligence data with the PFIAB and found the Board very responsive. He said the PFIAB considered that this subject needs further examination particularly in connection with ECCM.

Dr. Currie emphasized that whereas the mass memory problem was basically a research subject, the tactical and near-real-time use of intelligence would require management improvement. He said that there were some possible cost trade-off between expensive national systems and less expensive theater or area systems.

Noting that all within government were concerned about the dollar constraints, he believed that DOD planning had recently improved allowing for more realistic R&D programming in the out years. He concluded by saying that the Council constituted a group that was well situated to identify broad problem areas to assist the IRAC.

The Chairman thanked Dr. Currie for a very serious and excellent job noting that the Council had more than fulfilled the hope of what it could achieve.

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The IRAC approved the Council's recommendations in the report including that:

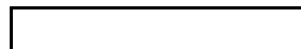
I. Information Processing R&D be considered as a separate line in the intelligence budget by the IRAC in its quarterly budget review. The Council is to provide some concrete recommendations next Spring which will call for R&D resource shifts in FY-76 which would aid in breaking the information processing bottleneck.

II. IRAC assign the task of coordinating other intelligence data link developments through the IR&D Council.

III. The Council direct its activity toward the goal of discovering new concepts for Space Shuttle utilization for intelligence purposes in the 1980's.

IV. The Council review developments in mass data storage R&D to determine if a long term program, based within the national intelligence program, would be feasible and most likely to produce sizable gains in capability and reduction in costs. The Council is authorized to request ARPA to set up a study group whose purpose will be to determine within six months what course of action could best provide the intelligence community with a basic new extension of this crucial technology for the future.

V. The IR&D Council review all R&D programs in the area of real-time intelligence for adequacy and direction with the objective of recommending within one year what changes in scope or emphasis may be required.



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3. Overview Presentation of FY 1976
National Foreign Intelligence
Program
(IRAC-D-74.2/5, 22 July 1974,
Limited Distribution through
Special Restricted Channels)

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For the past five years the Program has been held essentially level as a deliberate policy to wring out any "slack". This has been accomplished; not only is there no remaining slack, there is no remaining flexibility. Looked at in the context of the Federal Budget, the Intelligence Community has been ahead of most of the Government in achieving an austere program.

This austerity comes, however, at a time that leaves the community particularly vulnerable. The combination of higher inflation rates and the great stress on the national policy of reducing federal expenditures could impact dangerously on the NFIP if its true financial circumstance is not realized.

There is also a troublesome aspect concerning the composition of the NFIP over the next five years. In the past, the community has been able to increase its productivity and thereby overcome real resource reduction through investments in advanced technology. The currently projected program does not contain this kind of investment, which will make continued increases in productivity much more difficult.

The problem will be most acute over the next two years. After that time, if certain potential savings are actually realized through the termination of selected programs, some flexibility can be regained. This leads to the conclusion that the community should begin now to pay greater attention to out-year planning (in addition there will be a congressional requirement to present five year budget request beginning in FY-77).

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The DCI commented that it was important to emphasize inflationary impacts in order to make room for new initiatives. He pointed out that one of the IRACs main tasks is to become knowledgeable of the program issues and to provide advice on the NFIPR memorandum to the President in November or December. At that time the programs will have to be scrubbed down. Referring back to the President's letter, Mr. Colby said it was important for the community to understand the President's concern, as well as the impact of inflation, and possible congressional cuts. At this point Mr. Colby presented a vu-graph which he explained reflected the problem of putting off essential programs to later years:

While some rule of reason must apply or life will become too destabilized, the choice between the new idea and perpetuation of the past must be taken in favor of the former, even at the cost of some disruption. This is especially true in intelligence, which has the function of forward projection of information.

He said the real question is what are we going to eliminate. Can we reduce, or eliminate, older programs to make room for essential new systems such as the new photographic satellite system? If we are to get at these problems overguidance may be preferable to underguidance in some cases. He said the Perspectives should assist the program managers to focus on new initiatives.

In this context, Mr. Colby stressed the importance of being imaginative regarding the uses of national assets to meet tactical requirements and noted that considerable financial benefits can be achieved if the same systems can serve both national and tactical requirements. He pointed out the importance of obtaining the confidence of the theater commanders in regard to their use of national assets.

Mr. Bridgewater said he concurred in the Chairman's comments regarding national tactical interface. With regard to the resource question, he commented that the intelligence community, through its own initiative, was ahead of the rest of the government in holding down

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its budget. In regard to requirements he said that while he believed there should be a clear understanding with regard to near- and long-time requirements in relation to budgetary projections, he thought [redacted] had somewhat overstated the long-term problem. While there had been inflationary pressures, only two quarters in the last 30 years had had double digit inflation (12 and 10 percent) and that in the last quarter inflation was running at 8 percent. We should plan on inflation, but not on the basis of double digits. A more realistic figure would be somewhere between 4 and 7 percent. Mr. Bridgewater cautioned against eliminating programs which may be needed in the out years to accommodate current budget constraints.

[redacted] pointed out that his five-year projection FY 75-80 allowed for a 34 percent inflationary increase, and that between FY 71-75 there was a 14 percent inflationary increase. Inflation to date not withstanding it had been possible to increase capabilities because of improved technology, but we cannot expect this to continue.

Dr. Hall did not believe that there was a serious intention in Congress to reduce the intelligence budget by the amount cited in [redacted] briefing. Mr. Colby said that in any event the amount of money indicated is such that the intelligence community would have to make serious cuts in programs.

4. Presentation of FY 1976 Consolidated Defense Intelligence Program

Dr. Hall advised that the CDIP review was a serious effort involving the program manager, the services, and the DCI. The briefing to be given today provided information as to where the program stands. Dr. Hall said he would provide his own recommendations to the Secretary of Defense and this would be followed by a reclama period. He said that while the review, and briefing, points out some of the problem areas, overall, he was pleased, because the program looked better than he had anticipated.

Dr. Hall introduced Mr. James Vance of his staff who provided a detailed briefing on the CDIP Program. During Mr. Vance's briefing, Mr. Colby said he was happy to see an enumeration of the programs which had been discontinued. He said it was important to demonstrate that the

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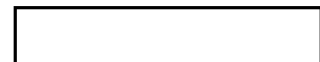
Mr. Colby said it was not intended to protect national assets at the expense of tactical resources. General Allen believed that the distinction may have merit when presenting the budget to Congress, but he was concerned that, as a consequence, management actions would be taken to avoid the real problem. He said that national and tactical intelligence should be viewed in a coherent way. National requirements may also serve some tactical needs. Mr. Colby agreed that the whole picture had to be presented at the same time and that national/tactical collaboration should be pursued. He said that retaining the confidence of the operational commanders was essential. As an example of the lack of distinction he noted that the CDIP contains many odds and ends of national/tactical resources.

Mr. Bridgewater expressed concern on the trend of the discussion. He noted four areas had been addressed:

- a. Inflation.
- b. Longer-term problems and emphasis on the out-years.
- c. Comments on the importance of presentations to Congress.
- d. Various programs within Defense.

What had not been addressed is the fact that in recent years National Security expenditures have dropped from 47 to 29 percent of the national budget while HEW type spending is over 50 percent of the total budget, and is going up at the rate of 13 to 14 percent per year. These facts have severe long range implications for intelligence, especially since HEW type expenditures are largely not controllable, but are locked in and mandated by law. With the President's requirement for a balanced budget, one must address that portion which is controllable, e.g., DOD, which includes intelligence. There are various ways one can address this problem, but none provide much room for optimism:

- a. Engage in deficit spending.
- b. Increase taxes.
- c. Seek to change legislative programs driving large expenditures.
- d. Cut defense and intelligence spending.



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Mr. Bridgewater stressed the dilemma, the fact that something has to give, and that there are no easy ways out. He said we are committed to a balanced budget, and suggested that all should be aware of the national figures and the problems when addressing Congress.

5. Presentation of FY 1976 INR Program

Mr. Denney presented the INR program summary for the State Department. During his presentation he highlighted the increasing requirement for information handling and external research. A summary of Mr. Denney's presentation is available in the USIB/IRAC Secretariat.

6. Presentation of FY 1976 CIA Program

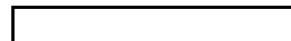
Mr. Iams presented CIA's FY 1976 program summary, highlighting those issues which the agency considers important. Briefing aids and details are available in the USIB/IRAC Secretariat.

7. Discussion of National/Tactical Intelligence

The National/Tactical Intelligence discussion was treated under items 3 and 4 above.

8. Concluding Remarks

Mr. Colby said that he believed the object of the IRAC meeting was accomplished, which was to inform all the members of the budget picture as we look toward FY-76. He noted that the Department of Defense will issue their Program Decision Memorandum soon. Mr. Colby will be reviewing the NPIC and other programs. He said he would like to meet with the program managers when their programs are completed with a view toward possibly recommending some changes. Taking into account the budget picture, Mr. Colby said that we have a selling job to do. He noted that the intelligence community has taken a beating, but has produced fantastic results, especially when viewed over the last ten years. He said he proposed to make a strong presentation to the Congress.



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Mr. Colby said he intended to convene another IRAC meeting in September to review the results of the FY-74 expenditures. The IRAC meeting for November would address final budgetary decisions for FY-76 and Mr. Colby's National Foreign Intelligence Budget Program memorandum to the President.

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Executive Secretary

Adjournment: 1625 hours

SECRETARY'S NOTE

Approval of Minutes

20 May Meeting
(IRAC-M-7)

On 20 June 1974 all IRAC members telephonically approved the subject minutes.

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